

Message Text

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ACTION NEA-10

INFO OCT-01 ISO-00 IO-13 SS-15 SP-02 L-03 H-02 NSC-05

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FM AMEMBASSY DAMASCUS

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E.O. 11652: N/A

TAGS: EAID EFIN AORG IMF IBRD

SUBJ: WORLD BANK-IMF PROPOSALS TO INCREASE EXECUTIVE DIRECTOR
AND ALTERNATES SALARIES

REF: STATE 172490

1. AMBASSADOR MET JULY 17 WITH MINISTER OF ECONOMY AND
FOREIGN TRADE MOHAMMAD IMADI TO PRESENT SECRETARY SIMON'S
LETTER ABOUT SUBJECT. IMADI IS SYRIA'S GOVERNOR FOR THE
IMF AND CURRENTLY SERVING AS CHAIRMAN OF THE SUB-COMMITTEE
ON REMUNERATION OF IBRD AND IMF ED'S AND AED'S. HE WAS
IN WASHINGTON DURING LATE JUNE/EARLY JULY TO REVIEW ISSUE
WITH HIS FELLOW COMMITTEE MEMBERS.

2. IMADI SAID THAT HE WAS PERSONALLY SYMPATHETIC WITH
SECRETARY SIMON'S OPPOSITION TO THE PROPOSED SALARY INCREASE.
ED'S, HE SAID, IN HIS OPINION WERE OVERPAID AND HAD BEEN OVER-
PAID FOR THE LAST 30 YEARS BUT IT WAS NOT EASY TO CORRECT
SO LONG-STANDING A HISTORICAL ERROR. AS COMMITTEE CHAIRMAN
HE HAD OPPOSED AN ED EFFORT TO WIN A FLAT 10 PERCENT
INCREASE. HE INSISTED THAT THE COMMITTEE STUDY THE QUESTION
SYSTEMATICALLY. THEY RELIED HEAVILY IN REACHING THEIR
FINAL DECISION ON A JUNE 2 STUDY ENTITLED
"1976 REVIEW OF REMUNERATION OF EXECUTIVE DIRECTORS AND
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THEIR ALTERNATES". THIS STUDY WAS DONE BY A MAN (FOWLER)

WHOM IMADI'S COMMITTEE HAD HAD NO HAND IN APPOINTING. IMADI POINTED TO THE REPORT'S CONCLUSION (PAGE 29C) THAT BASED ON 1946 EQUALS 100, THE INDEX FOR THE SALARY FOR ED'S IN REAL TERMS DECLINED BETWEEN JULY 1974 AND FEBRUARY 1976 BY 10.7 PERCENT.

3. IMADI SAID HE FLATLY REFUSED TO ENDORSE A 10 PERCENT INCREASE AND HAS CONVINCED HIS FELLOW COMMITTEE MEMBERS TO COMPROMISE ON A LOWER FIGURE OF APPROXIMATELY SEVEN PERCENT.

4. IMADI CONTINUED, HE HAD CONCLUDED THAT THE RECOMMENDED INCREASES WERE REASONABLE ESPECIALLY IN LIGHT OF THE STAFF INCREASES EARLIER THIS YEAR. THE ED'S AND AEC'S HAD TO HAVE AT LEAST THAT SAME INCREASE. HE ALSO NOTED THE COMMENT IN FOWLER'S REPOT THAT THE ED'S PAY LEVEL WAS BELOW THAT OF COMPARABLE OFFICIALS IN OTHER INTERNATIONAL ORGANIZATIONS, BELOW THOSE IN PRIVATE FINANCIAL INSTITUTIONS AND FINALLY, BELOW THOSE OF SENIOR OFFICIALS IN THE AMERICAN PRIVATE SECTOR.

5. SUMMING UP, IMADI SAID HE WAS NOT HAPPY WITH THE FURTHER ESCALATION OF IMF-IBRD SALARIES BUT AFTER INTENSIVE STUDY AS COMMITTEE CHAIRMAN, HE FELT THAT HE HAD REACHED THE BEST POSSIBLE COMPROMISE IN THE FACE OF ALL THE ABOVE MENTIONED FACTORS.

6. WE ARE ALSO DELIVERING SECRETARY SIMON'S LETTER TO FINANCE MINISTER SHARIF IN HIS CAPACITY AS IBRD GOVERNOR, BUT ASSUME IMADI'S POSITION DESCRIBED ABOVE WILL GOVERN SYRIAN POSITION.
MURPHY

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